OPENING STATEMENT OF REPRESENTATIVE EDWARD J. MARKEY (D-MA)
ENERGY AND POWER SUBCOMMITTEE HEARING
ON THE DEPARTMENT OF ENERGY BUDGET FOR FISCAL YEAR 2001

FRIDAY, MARCH 24, 2000

Thank you, Mr. Chairman. I want to begin by commending you for calling today's hearing.

As I consider the energy agenda reflected in the Administration's Budget Request, I am struck by the transformation that has taken place since the early years after I first arrived in Washington. Back then, we had price controls on oil and natural gas – controls which had been in place since the Nixon Administration and which established at least 32 different prices for natural gas and 7 tiers of oil prices. Oil prices were beginning to spike upward from $13 towards a peak of over $37 a barrel. Consumers were about to resume facing gas lines at the pump. We were supposedly running out of natural gas and therefore had to pass a Fuel Use Act barring it from being used for electricity generation. President Carter was calling for a massive multi-billion dollar government investment in synfuels, which he claimed, was essential to meeting our future energy needs. Energy Secretary James Schlesinger was telling us that if we didn't build a 1000 nuclear powerplants we would be facing blackouts and brownouts across the country. We were going to strip oil from shale in a corner of Colorado that would, in light of the relevant impact upon the environment, be designated a "National Sacrifice Zone." New cars consumed an average of 12 miles per gallon, and Detroit was telling us they just couldn't make them any more energy efficient than the Model A Ford my Dad bought back during the Depression.

Today so much has changed. The concept of oil and gas price controls now seems as distant and dated as polyester leisure suits and avocado green refrigerators. The Carter-era synfuels program that was supposed to lead us out of the world of ever higher oil prices actually had nothing to do with today's lower prices. In fact, the program is long dead, buried, and largely forgotten. Colorado survived. Moreover, today, we are awash in cheap natural gas – with pipelines coming down from off the coast of Nova Scotia that will transform our energy marketplace in New England. We haven't ordered a single new nuclear powerplant since 1973, but we have met our electricity needs with alternative fuels and by becoming more energy efficient. Today, new cars consume an average of 27 miles per gallon (although Detroit is still telling us they just can't make them any more energy efficient)!

But, we are again facing an upward spike in oil prices. And while many observers believe that the current high prices are likely to be shorter in duration and severity that the huge oil shocks we experienced back in the Seventies, these increased prices have put increased focus on the importance the Department's activities play in crafting a national energy policy. The Administration's DOE budget request seeks to put our nation in a position where the American people are protected from energy price shocks while having access to the energy and fuel they need. And the budget request does this not by hurting the environment, but by increasing our energy efficiency and diversifying our fuel supply base. For example, the President and the Vice President have proposed a budget that includes over $1 billion next year to accelerate the research, development, and deployment of alternative and more efficient energy technologies, as well as $4.0 billion in tax incentives over five years to benefit our energy-reliant consumers and businesses.

These are the kinds of tax cuts that would make a real difference in our energy future, and will save consumers more money in the long run than a small break on the gas tax. Unfortunately, the House yesterday passed a Republican budget resolution that failed to make any mention of these common sense tax credits. In addition, the Administration's budget request includes a proposed $275 million in R&D efforts next year to make offices, homes, and appliances 50% more energy efficient within a decade. People understand what that means for their home heating bill. Overall, meeting this goal would save consumers $11 billion a year in energy costs. Here, the House Republican budget resolution proposed to slash overall Energy Research funding by $200 million below last year's funding level.

The Administration has also proposed to expand DOE's *Weatherization Assistance Program* that helps low-income households make their homes more energy efficient. These are the Americans that most need to reduce monthly energy costs. *This program has already weatherized almost 5 million low-income homes and is saving 3.0 million barrels of oil each year.* With funding from DOE and the states, our nation could add more that 150,000 homes to the list in the next year – *which will save more than an additional 91,000 barrels of oil per year.* The Administration's budget request seeks $154 million for FY 2001 and an additional $19 million for the current year in the FY 2000 supplemental spending bill. Here again, the House Republican Budget resolution is silent. And in past years, Democrats have had to fight hard to prevent cuts in this important program.

Earlier this week, the House considered a bill that the House Republican Leadership dubbed the "Oil Price Reduction Act" – a case of misleading advertising if I ever saw one. Rejecting Democratic efforts to reauthorize the President's authority to deploy the Strategic Petroleum Reserve (which expires at the end of next week), create a regional home heating oil reserve (as the President proposed last week), or to adopt the Administration's package of energy production, renewables, and efficiency tax credits, the Republicans instead passed a meaningless do-nothing bill. All it says is that we should take into account oil-price fixing by OPEC member nations in our overall political, economic and military relations with these nations – as if we didn't already do so today! The bill calls for a report by the President on any OPEC price fixing, and on the nature of existing military assistance or arms sales from the U.S. to these nations. However, the Rules Committee dropped the only meaningful provision from the bill – an authorization for the President to cut off arms sales or military assistance to OPEC nations that engage in oil price fixing.

And so, I can only hope that this do-nothing bill is not the final chapter in this years' legislative activities on energy. We need to reauthorize the Energy Policy and Conservation Act – EPCA – that gives the President authority to deploy the Strategic Petroleum Reserve. It is unconscionable that this Congress would let EPCA lapse just as OPEC's oil ministers are about to meet in Vienna. In addition, we should amend the Markey-Lent-Moorhead amendment to EPCA to grant a specific authorization to the President to create a regional refined product reserve in the Northeast. Finally, we should approve the Administration's budget request for the Department of Energy – which offers a package of medium and long-term solutions to our dependence on imported oil.

Thank you again, Mr. Chairman, for calling today's hearing. I look forward to hearing the testimony.